

Indiana Department of Revenue Corporate Income Tax

Net Operating Loss Computation

(See instructions on the reverse side of this schedule)

Name of Corporation or Organization			Federal Identification	Federal Identification Number	
BADTI Computation	n afIndiana Nat Onavatina	Loss (Effective for loss years	A 1000 and after)		
		any, as a positive figure in the box		L must be completed for each	
loss year.	Loss year end		g loss from line 8 below	•	
	22	/ bb			
Loss year	MM DD YY	14.15			
		cluding the special dividend dedu			
		tions)		2.	
3. Add back: All charital	ole contributions deducted			3.	
		obligations reported			
6. Subtotal (add lines 1 t	s up as determined from federa hrough 3, deduct lines 4 and 5	l Form 1118)		5.	
7. Indiana apportionmen	t percentage from the apportion	onment schedule of the loss year	return (if applicable)	7. %	
8. Indiana (loss) availabl	le for carryover (multiply line	6 by line 7)		8.	
	vaive the carryback of a net				
		oss deduction, if any, you mus		carryover treatment as	
used for federal tax purp	oses. Use combined amou	nts if filing a consolidated rea	turn.		
If you compute a qual	ified Indiana loss on Part L	and there is no federal NOL, c	heck this box to waive the ty	vo three or five-vear	
	n for state tax purposes: cc		neek uns box to warve the tv	wo, tinee, or rive year	
		and timely file your Indiana	loss year return.		
DADTIII Effort of 1	occ voor (Dood all instructi	ons for application of federal of	corry book and corry forward	provisions)	
FARTIII—Ellect of F	oss year (Read an instructi	ons for application of federal of	carry back and carry forward	provisions.)	
(1)	(2)	(3)	(4)	(5)	
(1) Tax year ending	(2) Indiana AGI as last determined by	Amount of NOL deduction	Indiana AGI after net operating	Remaining unused net operating	
		Amount of	Indiana AGI after	Remaining unused	
	last determined by	Amount of NOL deduction	Indiana AGI after net operating	Remaining unused net operating	
Tax year ending	last determined by	Amount of NOL deduction	Indiana AGI after net operating	Remaining unused net operating	
Tax year ending 5th Preceding tax period	last determined by	Amount of NOL deduction	Indiana AGI after net operating	Remaining unused net operating	
Tax year ending 5th Preceding tax period 4th Preceding tax period Brd Preceding tax period	last determined by department records	Amount of NOL deduction	Indiana AGI after net operating loss deduction	Remaining unused net operating loss	
Tax year ending 5th Preceding tax period 4th Preceding tax period Brd Preceding tax period	last determined by department records	Amount of NOL deduction carried back/forward	Indiana AGI after net operating loss deduction	Remaining unused net operating loss	
Tax year ending 5th Preceding tax period 4th Preceding tax period Brd Preceding tax period Effective for loss years be	last determined by department records	Amount of NOL deduction carried back/forward	Indiana AGI after net operating loss deduction	Remaining unused net operating loss	
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Tax year ending Sth Preceding tax period Sth Preceding tax period Str Preceding tax period Effective for loss years be 2nd Preceding tax period str Preceding tax period Str Following tax period	last determined by department records	Amount of NOL deduction carried back/forward	Indiana AGI after net operating loss deduction	Remaining unused net operating loss	

Schedule IT-20NOL Instructions

Who Should File Schedule IT-20NOL?

Corporate taxpayers subject to the adjusted gross income tax must complete and attach this schedule to any Indiana corporation tax return: Forms IT-20, IT-20SC, IT-20NP, or IT-20X, when claiming the loss deduction. Schedule IT-20NOL is not in itself a claim for refund, but an attachment to show how the net operating loss is applied.

Corporations doing business as a financial institution may not use this schedule. Instead, Schedule FIT-20NOL should be completed. Unused net operating losses incurred before December 31, 1989, under the Adjusted Gross Income Tax Act, may not be deducted for the financial institutions franchise tax.

When to File?

A refund initiated by a net operating loss carryback must be claimed by the taxpayer within 3 years from the original due date of the loss year's return (including extensions). Net operating loss carryforward deductions fall within regular statutory requirements. Parts I and II should be completed and this schedule attached to the loss year return if electing to waive a state NOL carryback application. Also, attach a fully completed Schedule IT-20NOL to the return(s) where a net operating loss deduction is claimed.

Indiana Treatment of Net Operating Loss Deduction for Adjusted Gross Income Tax Purposes

The net operating loss deduction recognized for Indiana income tax purposes shall be the amount of loss apportioned to Indiana for the tax year after all required modifications. Modifications include the add back of property taxes (for tax periods 1998 and before), income taxes, charitable contributions, deduction of interest on U.S. Government obligations, and a deduction for the foreign gross up.

Affiliated groups or corporations involved in mergers must follow the same guidelines as provided by the Internal Revenue Code and rulings issued by the Internal Revenue Service with respect to their treatment of net operating loss deductions. More than one Schedule IT-20NOL may be required to comply with these requirements.

The calculation for an Indiana net operating loss deduction pertains to the Adjusted Gross Income Tax Act. The net operating loss used to reduce Indiana adjusted gross income will have an effect on supplemental net income. The net operating loss deduction is not considered in calculating the Indiana gross income tax.

Carryback and Carryforward Years for Corporations

For loss years beginning before August 6, 1997, the net operating loss deduction remaining after a three (3) year carryback (if not timely waived) may be carried forward to the **fifteen** (15) tax years following the loss year. (See Part II instructions). Certain losses may be carried up to **twenty** (20) years, following federal provisions.

PART I - Computation of Indiana Net Operating Loss

Enter the tax year ending date of the loss year and the amount of the loss if an Indiana net operating loss is calculated on line 8. Nonbusiness income and foreign source dividends deduction cannot create or increase the Indiana net operating loss deduction. Enter only the items enumerated on lines 1 through 7.

Any other adjustments affecting the calculation of I.R.C. Section 63 loss year taxable income on Part I of the net operating loss schedule must be fully explained. Not-for-profit organizations begin with I.R.C. Section 511 (taxable income) from federal Form 990T without regard to a federal net operating loss deduction.

PART II - Election to Waive the Carryback of a Net Operating Loss Deduction

Pursuant to the Internal Revenue Code, a taxpayer may irrevocably elect, by the loss year's due date (including extensions), to waive the entire carryback period. If this election is made for the loss year on the federal return, the net operating loss deduction may only be carried forward for federal and state tax purposes.

Effective for tax years beginning after August 5, 1997, federal legislation generally decreased the NOL carry back period from 3 to 2 tax years, while the carryforward period increased from 15 to 20 years.

Farm Losses: Effective for tax years beginning after December 31, 1997, any part of an NOL attributed to a loss from farming operations may be treated as a separate NOL and may be carried back five years following federal provision.

In the absence of net operating loss on the federal return, the taxpayer may make an election to waive the carryback of its Indiana net operating loss. This election is reflected on Indiana Schedule IT-20NOL by checking the appropriate box or by attaching to the timely filed Indiana loss year return a statement waiving the NOL carryback provision.

PART III - Effect of Loss Year

Schedule IT-20NOL must be completed for each year a loss occurs. Copies of the schedule should be attached to returns for all years a NOL deduction is claimed. If more than one loss year is being utilized, a separate Schedule IT-20NOL should be completed for each NOL deduction available.

Column (1) Tax Years - Enter in column (1) the applicable tax year ending date(s). If, in one or more of these years, a loss was incurred or the adjusted gross income was previously reduced to zero by another loss carryforward, the year should still be entered and all five columns completed.

Column (2) Indiana Adjusted Gross Income - Enter the Indiana adjusted gross income from the original return, or as previously adjusted. If the adjusted gross income was previously reduced by another net operating loss deduction, a copy of the Schedule IT-20NOL for the prior loss year should be attached. If previously adjusted from an audit or amended return, an explanation should be attached to the IT-20NOL schedule explaining how the adjusted gross income figure was calculated.

Column (3) Amount of Net Operating Loss Deduction - Enter the amount of loss from Part I necessary to decrease adjusted gross income for the year to zero. If the income for the year is greater than the loss available, enter the full amount of the loss. Any remaining unused loss deduction will be shown in column (5).

Column (4) Indiana Adjusted Gross Income After Deduction - Subtract the amount in Column (3) from the amount in Column (2) and enter the difference in this column.

Column (5) Remaining Unused Net Operating Loss - Enter the amount of net operating loss deduction remaining after each year's calculation. This amount is available to offset income reported in Column (2) of the next year that has income.

If you have any questions concerning Indiana's treatment of a net operating loss deduction, contact:

Indiana Department of Revenue Corporate Income Tax Section 100 North Senate Avenue Indianapolis, Indiana 46204 Telephone Number (317) 615-2662